



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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December 9, 2011

TO: Supervisor, Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

A handwritten signature in blue ink, reading "Wendy L. Watanabe", is written over the printed name and title.

SUBJECT: **HARBOR VIEW BEHAVIORAL HEALTH CENTER (SUNBRIDGE
HARBOR VIEW REHABILITATION CENTER, INC.) – A DEPARTMENT
OF MENTAL HEALTH SERVICE CONTRACT PROVIDER – FOLLOW-
UP REVIEW**

We have completed a follow-up review of Harbor View Behavioral Health Center's (Harbor View or Agency) progress in implementing the recommendations from our January 28, 2011 monitoring report. The Department of Mental Health (DMH) contracts with Harbor View to provide mental health services to program clients, including interviewing program clients, assessing their mental health needs, and implementing treatment plans.

DMH paid Harbor View approximately \$5.1 million on a cost-reimbursement basis for Fiscal Year (FY) 2010-11. The Agency's headquarters is located in New Mexico, and the Agency has an office in the Fourth Supervisorial District.

Results of Review

The purpose of our original review was to determine whether Harbor View complied with its contract terms, and appropriately accounted for and spent DMH Program funds providing the services outlined in their County contract. Our January 28, 2011 report contained six recommendations. As of September 13, 2011, the Agency had implemented one recommendation, partially implemented one recommendation, and had not implemented four recommendations. The following are the original

recommendations, their implementation status, and new recommendations to ensure that Harbor View complies with its DMH contract. DMH has indicated they will ensure that the remaining recommendations from our January 28, 2011 report, and our current recommendations, are implemented.

Harbor View's attached response indicates that they agree with our findings and recommendations. The Agency also indicated that they will repay DMH \$1,688, reduce their Cost Reports by a total of \$4,145 (\$986 + \$1,469 + \$1,690), and provide supporting documentation for \$7,669 (\$5,057 + \$2,612), or reduce their Cost Reports for unsupported amounts, to address the questioned costs from our current review.

BILLED SERVICES

Status of Recommendation 1

Harbor View management ensure that Assessments, Client Care Plans, and Progress Notes are completed in accordance with the County contract.

Current Status: NOT IMPLEMENTED

Status of Recommendation 2

Harbor View management ensure that Informed Consent is obtained and documented in the client's chart prior to treatment with psychotropic medication.

Current Status: IMPLEMENTED

Verification

We selected ten billings, totaling 2,007 minutes, from 752,239 service minutes of approved Medi-Cal billings from November and December 2010, which were the most current billings available at the time of our review (August 2011). We reviewed the Assessments, Client Care Plans, and Progress Notes in the clients' charts for the selected billings. The 2,007 minutes represent services to ten Program clients.

Harbor View billed DMH \$1,688 for billings that were not sufficiently supported or were not allowable. In addition, Harbor View did not complete some elements of the Assessments, Client Care Plans, and Progress Notes as required by the DMH contract. Specifically:

- Harbor View billed 786 minutes, totaling \$1,069, for mental health services provided by multiple staff without documentation to support the additional staffs' contributions.
- Harbor View billed 455 minutes, totaling \$619, for unallowable services. Harbor View billed DMH for developing a presentation and handouts for a meeting as consultation services, which was not a billable service under the DMH contract.

- None of the ten Assessments reviewed adequately described the clients' symptoms and behaviors consistent with the Diagnostic and Statistical Manual of Mental Disorder (DSM) to support the clients' diagnosis. The DMH contract requires the Agency to follow DSM when diagnosing clients. The DSM is a handbook published by the American Psychiatric Association for mental health professionals, which lists different categories of mental orders and the criteria for diagnosing them.
- Five (50%) of the ten Client Care Plans contained goals that were not specific.
- Three (30%) of the ten Progress Notes did not describe what was attempted and/or accomplished towards the clients' goals.

Recommendations

Harbor View management:

1. **Repay DMH \$1,688.**
2. **Maintain adequate documentation to support the service minutes billed to DMH.**
3. **Ensure that service minutes billed are allowable mental health services in accordance with the DMH contract.**
4. **Ensure that Assessments, Client Care Plans, and Progress Notes are completed in accordance with the County contract.**

CASH/REVENUE

Status of Recommendation 3

Harbor View management comply with the Agency's petty cash policy and procedures, and the County contract when disbursing petty cash funds.

Current Status: NOT IMPLEMENTED

Verification

Harbor View did not maintain adequate control over petty cash funds. Specifically, Harbor View regularly used petty cash funds for non-incidental purchases, which was not allowed by the DMH contract. Agency management indicated that the only staff with check writing authority was at their New Mexico headquarters, and local offices have to use petty cash for normal business operations.

Recommendation

5. Harbor View management comply with the DMH contract requirements for using petty cash.

COST REPORT

Status of Recommendation 4

Harbor View management revise the FY 2007-08 Cost Report to reduce Program expenditures by \$12,678, and repay DMH for any excess amount received.

Current Status: PARTIALLY IMPLEMENTED

Verification

Harbor View submitted a revised FY 2007-08 Cost Report to reduce their DMH Program expenditures by \$11,692. Agency management indicated that they did not reduce the Program expenditures by the \$12,678 because of a mathematical error, and that they will submit another revised Cost Report to further reduce the FY 2007-08 expenditures by the remaining \$986.

Recommendation

6. Harbor View management revise the FY 2007-08 Cost Report to reduce the DMH Program expenditures by \$986.

Status of Recommendation 5

Harbor View management ensure that Program expenditures are supported by adequate documentation.

Current Status: NOT IMPLEMENTED

Status of Recommendation 6

Harbor View management ensure that only allowable expenditures are charged to the DMH Program.

Current Status: NOT IMPLEMENTED

Verification

We interviewed Agency personnel, reviewed the accounting records and documentation for 16 DMH non-payroll expenditures, totaling \$12,748. Harbor View charged DMH \$10,828 in questioned costs. Specifically, Harbor View charged DMH:

- \$1,469 and \$1,690 in FYs 2009-10 and 2010-11, respectively, for employee-related meals and entertainment costs. The County contract does not allow the Agency to bill the Program for meals and entertainment for Agency employees.
- \$4,366 and \$1,649 in FYs 2009-10 and 2010-11, respectively, for employee bonuses and awards without maintaining documentation to support how the bonuses and awards were determined and authorized.
- \$691 and \$963 in FYs 2009-2010 and 2010-11, respectively, for expenditures without adequate documentation. The Agency did not have external receipts, purpose of the purchases, names of the recipients, or how they benefited the DMH Program for these expenditures.

Recommendations

Harbor View management:

7. **Revise the FY 2009-10 Cost Report to reduce the DMH Program expenditures by \$1,469, and repay DMH for any excess amount received.**
8. **Reduce the FY 2010-11 DMH Program expenditures by \$1,690, and repay DMH for any excess amount received.**
9. **Provide documentation to support the \$5,057 (\$4,366 + \$691), or reduce the FY 2009-10 DMH Cost Report by any unsupported amounts.**
10. **Provide documentation to support the \$2,612 (\$1,649 + \$963), or reduce the FY 2010-11 DMH Program expenditures by any unsupported amounts.**
11. **Ensure that program expenditures are supported by adequate documentation.**
12. **Ensure that only allowable program expenditures are charged to the DMH program.**

We thank Harbor View management for their cooperation and assistance during our follow-up review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:JLS:DC:EB:SK

Attachment

c: William T Fujioka, Chief Executive Officer
Dr. Marvin J. Southard, Director, Department of Mental Health
Bret Weil, President, Board of Directors, Harbor View
Michael Gassis, Regional Administrator, Harbor View
Public Information Office
Audit Committee



Caring is the Key in Life

October 24, 2011.

County of Los Angeles
Department of Auditor-Controller
500 W. Temple St., Room 525
Los Angeles, CA 90012-3873

Attention: Wendy L. Watanabe, Auditor-Controller

Dear Ms. Watanabe:

We are in receipt of your report detailing the program and fiscal contract compliance review conducted in September 2011. We have reviewed the preliminary report on billed services, cash/revenue, and cost report. Our agency will respond to the results of the fiscal and clinical reviews and discuss implementation of any correction actions.

Billed Services:

In the report, it was stated that Harbor View had deficiencies in its charting regarding Assessments, Client Care Plans, and Progress Notes. Actions have been taken in the following recommendations:

- *Repay DMH \$1,688.* Harbor View concurs that there were errors in the documentation of consultations and preparations for services and will repay DMH.
- *Maintain adequate documentation to support the service minutes billed to DMH.* Harbor View will conduct in-services to staff to ensure that documentation complies with DMH regulations.
- *Ensure that service minutes billed are allowable mental health services in accordance with the DMH contract.* Harbor View will conduct in-services to staff to ensure that documentation complies with DMH regulations.
- *Ensure that Assessments, Client Care Plans and Progress notes are completed in accordance with the County contract.* Harbor View will conduct in-services to staff to ensure that documentation complies with DMH regulations.

Cash/Revenue

The report indicated that Harbor View exhibit proper controls over petty cash funds. The following recommendation has received actions:

- *Harbor View management comply with the DMH contract when disbursing petty cash funds.* Harbor View will ensure that it complies with DMH's requirement for \$500 to be the maximum dollar amount available for petty cash distribution.

HARBOR VIEW
BEHAVIORAL HEALTH CENTER
490 West 14th Street, Long Beach, CA 90813
TELEPHONE (562) 591-8701/(562) 591-0235
WWW.SUNBRIDGEHEALTHCARE.COM

Cost Report

The report stated that Harbor View had not adequately revised its Cost Report for FY 2007-2008. The following recommendations were reviewed for actions:

- *Harbor View management revise the FY 2007-2008 Cost Report to reduce the DMH Program expenditures by \$986 and repay DMH any excess amount received. Harbor View's Cost Report revisions are in progress, will resubmit upon completion.*
- *Revise the FY 2009-2010 Cost Report to reduce the DMH Program expenditures by \$1,469 and repay DMH for any excess amount received. Harbor View's Cost Report revisions are in progress, will resubmit upon completion.*
- *Revise the FY 2010-2011 DMH Program expenditures by \$1,690 and repay DMH for any excess amount received. Harbor View's Cost Report has not been submitted as of today's date; software has not been released by the State of California. Report will be submitted once software available. These amounts will not be billed to DMH.*
- *Provide documentation to support the \$5,057 (\$4,366 + \$691) or reduce the FY 2009-2010 DMH Cost Report by any unsupported amounts. Harbor View's Cost Report revisions are in progress, will resubmit upon completion.*
- *Provide documentation to support the \$2,612 (\$1,649 + \$963) or reduce the FY 2010-2011 DMH Cost Report by any unsupported amounts. Harbor View's Cost Report has not been submitted as of today's date; software has not been released by the State of California. Report will be submitted once software available. These amounts will not be billed to DMH.*
- *Ensure that program expenditures are supported by adequate documentation. Harbor View is updating its process for documenting petty cash expenditures and bonuses to ensure proper explanations are contained with reimbursement.*
- *Ensure that only allowable program expenditures are charged to DMH program. Harbor View is complying with DMH regulations so that employee related meals, entertainment costs not related to client treatment or care will not be in petty cash nor in the Cost Report.*

We have implemented all of these measures and are continuing to monitor our compliance. We appreciate the feedback from the report and will work to improve our program and clinical performance.

Sincerely,



Mike Gassis
Administrator